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16 October 1981

NOTE FOR THE DCI

FROM: Robert M. Gates

SUBJECT: Today's NSC

Attached is an additional paper for this afternoon's meeting. I think there are certain basic arguments that you should make this afternoon in order to keep the discussion focussed on the real issues.

- The Administration needs to make a basic decision on whether it intends to stress the Soviet system as much as it can, particularly in the economic area.
- We know that the Soviet economy is in trouble: agriculture, productivity, capital investment, consumer goods, support to friends and allies.
- At a time when the ^{Soviet} economy in general is in ^{Serious} trouble, difficulties "on the margin" can have disproportionate influence.
 - The effort they are devoting to stealing and otherwise obtaining western technology indicates the priority it has in their own efforts to keep the economy afloat. Some argue technology transfer is an economic influence on the margin. If so, Soviets would not devote the effort to it they are unless that margin were critical.
- The issue this afternoon on oil and gas is subsidiary to this larger question of making economic life more difficult for the Soviets.
 - Should not be diverted by debate over whether compressors delay the pipeline a year or two. The real issue is does it make life more difficult for the Soviets. In my view, you should try to ensure that the debate keeps this larger objective in view.
- On the pipeline, a fallback position if you cannot get option 1 or 2 would be to try cutting a deal with the Europeans in which we would not oppose this pipeline in exchange for their broader agreement on the question of technology transfer in the future.

 Robert M. Gates
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